

Message Text

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PAGE 01 TOKYO 14182 140740Z
ACTION EA-12

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INFO COMUSJAPAN YOKOTA

C O N F I D E N T I A L TOKYO 14182

E.O. 11652: GDS
TAGS: MARR, JA
SUBJECT: LABOR COST SHARING

REF: STATE 215331

1. TO DATE THERE HAVE BEEN THREE FORMAL SESSIONS OF US-JAPAN WORKING GROUP ON LABOR-COST SHARING. AT SECOND SESSION APRIL 28 (TOKYO 6318) U.S. SIDE PRESENTED PROPOSALS FOR MAXIMUM RELIEF, KNOWING WE WERE UNLIKELY TO OBTAIN ALL THAT WE ASKED FOR BUT IN HOPES OF ENHANCING JAPANESE AWARENESS OF U.S. POSITION AND ENCOURAGING FORTHCOMING RESPONSE. AT THIRD SESSION JUNE 23, (TOKYO 9577), GOJ TABLED NUMBER OF DETAILED QUESTIONS IN REGARD TO U.S. POSITION, WITH PARTICULAR EMPHASIS ON HOW U.S. PROPOSED TO DEFEND LABOR-COST RELIEF UNDER SOFA IN VIEW OF ARTICLE 24 WHICH, GOJ CONSTRUES AS REQUIRING U.S. TO ASSUME ALL LABOR COSTS. U.S. RESPONSE (COPIES POUCHED TO DEPARTMENT) WAS CONVEYED TO JAPANESE SIDE AUGUST 2 AND HAS BEEN UNDER STUDY BY JAPANESE TEAM EVER SINCE. WE ATTEMPTED IN THIS PAPER TO PROVIDE BOTH GENERAL RATIONALE AS TO HOW SOFA COULD BE INTERPRETED TO PERMIT GOJ ASSUMPTION OF PORTION OF LABOR COSTS AS WELL AS EXAMPLES OF JAPANESE FUNDING IN PAST OF ITEMS ANALOGOUS TO THOSE FOR WHICH RELIEF CURRENTLY SOUGHT. JAPANESE SIDE HAS
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CONVENED NUMEROUS MEETINGS OF INTERESTED OFFICIALS IN MOFA, DFAA AND FINANCE MINISTRY, AT WHICH U.S. PAPER HAS BEEN THOROUGHLY STUDIED. AT JAPANESE REQUEST, HOWEVER, WE HAVE AGREED TO POSTPONE FOURTH MEETING UNTIL JAPANESE SIDE CAN FIRM UP ITS POSITION; NEXT SESSION IS TO BE HELD SEPTEMBER 21.
2. IN INFORMAL CONVERSATIONS MOFA OFFICIALS HAVE RE-

PEATEDLY INFORMED US THAT THEIR PROBLEM IS NOT SO MUCH MONEY AS ABILITY TO COME UP WITH SOLUTION THAT CAN BE DEFENDED IN LIGHT OF PREVIOUS GOJ INTERPRETATIONS OF SOFA STATED DURING DIET SESSIONS, WHICH ARE WELL KNOWN TO OPPOSITION AND HAVE GENERALLY TAKEN STRICT INTERPRETATION OF U.S. LABOR-COST OBLIGATIONS. FROM NUMEROUS PRESS LEAKS AND OTHER HINTS WE BELIEVE JAPANESE ARE PREPARED TO ASSUME ADMINISTRATIVE COSTS AND SO-CALLED SOCIAL INSURANCE COSTS WHICH WOULD COME TO ABOUT SIX BILLION YEN (\$22.5 MILLION) A YEAR. WE ALSO UNDERSTAND THAT MOFA MAY BE PREPARED TO ACCELERATE EXISTING RELOCATION CONSTRUCTION PROGRAMS, BUT UNTIL WE HAVE SOME MORE CONCRETE JAPANESE POSITION ON TABLE WE HOPE TO AVOID SUCH LINKAGE IN OUR DISCUSSIONS WHILE CONTINUING STRONG EFFORT ON LABOR-COST FRONT. INASMUCH AS WORKING GROUP IS REQUIRED TO REPORT BACK TO JOINT COMMITTEE BY NOVEMBER 1, WE ANTICIPATE MORE INTENSIVE NEGOTIATIONS IN THE WEEKS AHEAD. IN MEANTIME, WE APPRECIATE GAO'S WILLINGNESS TO DEFER JAPAN VISIT UNTIL END OF 1977 OR EARLY 1978.

3. COMUSJAPAN CONCURS.

MANSFIELD

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NNN

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